An Independent Review of the California Department of Public Health

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Spring 2011

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EXECUTIVE SUMMARY

BACKGROUND

The California Department of Public Health (CDPH) was established on July 1, 2007 through the enactment of SB 162 (Ortiz, Chapter 241, Statutes of 2006) which created the new department and vested it with the responsibility for public health programs for the State of California. The department is the lead entity in California providing core public health functions and essential services for the detection, treatment, prevention and surveillance of public health and environmental issues. In performing their mission, CDPH interacts with many different entities and has a number of diverse oversight stakeholders. They are subject to ongoing audits from the Legislature and control agencies, referred to as oversight entities in this report. Some of the audits are routine, while some are required by law. Other audits are the result of a concern about a specific issue or program within the department.

This review is different than most performed of CDPH. This review, requested by the California Health and Human Services Agency, assesses the current organizational structure and management practices in the department. The review does not address any specific fiscal issues; however, fiscal impacts may be inferred within the identified issues.

The Director of the new department focused on moving the department to a performance-based organization. A performance-based organization uses performance measures and data to focus the organization's efforts so that the staff is working towards achieving the same outcomes. Performance-based organizations clearly establish expectations in measurable terms, collect data, measure the data and use the data in making decisions. A great amount of impressive work has been done on the development of a strategic plan that covered the years 2008 through 2010. An update of the plan is currently being completed. The purpose of the strategic plan is to achieve measurable improvement in department public health issues as well as the internal support

areas. In addition to the strategic plan, a major amount of work has been done on the development of performance reporting tools including report cards, dashboards and different plans. These are all necessary to know how an organization is doing in meeting its goals and objectives.

The new department has faced many difficult challenges in its first four years. The typical growing pains of a new department coupled with CDPH's high visibility as a separate department have been daunting. While many issues and obstacles remain, the recommendations in this report will help the department address those challenges. It should be noted, however, that some challenges are beyond the department's ability to address alone.

REVIEW METHODOLOGY

The independent review of the CDPH included interviews of internal managers, external stakeholders, individuals who have worked for the department in the past, those that interact with the department, and oversight agencies staff. The number of interviews performed exceeded forty individuals. The individuals were asked a number of questions about their career with the department, presently and/or in the past, or their interaction with the department if they were not employed by the CDPH. They were also asked a number of questions about the department's culture, the governance structure, the organizational structure, the training programs, the use of resources, and the department's strengths and weaknesses. Additional questions were added in each interview based on the responses received.

In addition to the interviews, the department's internet and intranet pages, in-depth organization charts, reports, past audits and other documents provided by the staff were reviewed.

Each of the individuals interviewed, and the documents reviewed were helpful in providing information about the department, its many programs, issues it has faced in the past and may face in the future, and the personality of the department.

KEY FINDINGS

1. Lack of Strong Leadership

The lack of strong leadership at the CDPH has resulted in untimely, inconsistent and incorrect decisions being made. Among other issues, this lack of leadership has led to a weak single identity. Staff is unable to identify or is confused about the makeup of the executive management team. The inability to communicate issues to the right people, at the right time often leads to ineffective decisions being made.

2. A Single Departmental Culture Identity Is Needed

The CDPH does not maintain a strong, consistent culture at the department level. As one interviewee stated, most employees want to come to work and get things done, have extreme passion for their jobs, want to cooperate, but don't know how to focus their efforts because they do not see a department culture. The department is organized in centers that have resulted in a silo-based organization. The silos have created subcultures that have their own independent mindset. Rather than a situation where the synergies of the subcultures have resulted in a better organization, the silo organizations result in independent subcultures that are not as effective as they could be. If the department shared a strong set of values and norms, employees could interact more efficiently with each other and with external stakeholders.

3. Organizational Structure Needs A Thorough Evaluation

The complexity and uniqueness of the public health services programs require a separate critical evaluation for effectiveness and efficiency. The evaluation needs to be done outside the scope of this review due to the specific technical knowledge needed and the length of time required to perform the evaluation. In addition, the department can achieve efficiencies by working together collaboratively to identify areas for partial centralization in particular areas of duplication of some administrative functions.

4. Lack of Internal Governance

The CDPH does not have a strong internal governance structure. Currently, there is no formal structure in place for making important decisions. The governance structure needs to be a clear and consistent approach to support

the current and future business needs of the department. The structure is required to adopt and enforce consistent policies and standards for decision making. Current decisions are made that (a) don't involve the right people in the discussion, (b) create suspicion in how the decision was made, and (c) lack clear communication of the issue and how and why the decision was made. This lack of communication could be very detrimental, especially in dealing with external stakeholders and oversight agencies. In order for an internal governance structure to be successful, members must remove their silo hats and concentrate on the success of the department as a whole.

5. More Emphasis Needs to be Placed on Operational Planning

The CDPH has done a good job of developing a valuable strategic plan. However, there seems to be some lack of buy-in to the planning process. More education about the plan needs to be provided. If the programs and other operational areas were responsible for the development of operational plans, more would understand the importance of the entire planning process. Some areas have begun operational planning, but it is not done department wide, is not an extension of the strategic plan, and progress is not reported at the department level.

6. Contracts and Procurement Need Immediate Attention

Consistently, the biggest area of concern expressed by almost everyone interviewed involves the contract and procurement workloads. Backlogs in these areas need to be addressed. To allay these problems, more resources have been placed on the workloads and the department developed and implemented a comprehensive, department wide contract tracking system (CAPS) to replace the outdated inventory database. Since neither of these fixes has addressed the total problem, more needs to be done to resolve the backlogs.

7. Lack of a Risk Assessment

The department culture, management style and external oversight have made risk aversion worse, resulting in a lack of transparency by the department. Some decisions made and issues that arise in a negative context could be addressed earlier with a better outcome. The issue is not to be afraid of risks or try to hide them, but rather know what they are and be ready to address them if they occur or if they are brought to the department's attention by another entity.

8. Lack of Credibility

The department currently lacks credibility and respect from the Legislature and the control agencies, referred to as oversight entities in this report. This issue has resulted in a number of negative interactions that have occurred over time. This is not an issue that can be addressed overnight, but with an increase in formal and informal positive interactions, the department would eventually be viewed in a different light. It is important that the department understands the need to be open and more transparent both internally and externally to help build its credibility with others. This report provides recommendations that the department needs to embrace to develop its leadership, governance and risk management programs as well as work towards a single entity that works early and openly with its oversight agencies.

KEY RECOMMENDATIONS

1. **Recommendation:** Strong leadership needs to be exercised in a collaborative manner.

   Strong leadership needs to be exercised to assist the CDPH in dealing with all issues. A strong collaborative management team put in place at CDPH would inspire more effective decision making and create more trust in its leadership abilities. In order for the department to advance and overcome its current situation that resulted in this report, strong leadership needs to be exercised by the management team. The team needs to provide an environment where the staff is willing to take risk and be open with issues. Transparency is needed both internally and externally. Staff needs to have strong leadership to support them in dealing with issues, even those that are very controversial.

2. **Recommendation:** To develop a healthy department culture, the department must work together as one entity, "walking the talk" and being transparent to those internally and externally.

   Practicing the core values of collaboration, competence, equity, integrity, respect, responsibility, trust and vision on an ongoing basis by all staff in the department will result in staff feeling comfortable taking risk in making the best decisions possible in an open environment. The department will move toward an identity that is focused at the department level and earn respect with its external partners and overseers.

3. **Recommendation:** A thorough and independent extensive evaluation of the department's organizational structure needs to be conducted by a public health management expert.

   The organizational structure of CDPH needs to be thoroughly evaluated for its effective and efficient operation by a public health management expert. The evaluation needs to be done outside the scope of this review due to the depth and breadth of knowledge needed of the reviewer(s) and the length of time required for a thorough evaluation.

4. **Recommendation:** The department needs to develop a formal governance structure to help improve the governing activities of the department.

   The CDPH does not have a strong internal governance structure. Currently, there is no structure in place for making important decisions that define expectations or verify performance. The Director has a weekly staff meeting

with a large group of managers and conducts many one-on-one meetings with managers. These meetings are not the forums to facilitate in-depth review and discussion of department-wide issues. The governance structure needs to be a clear and consistent approach to support the current and future business needs of CDPH and allow for the adoption and enforcement of consistent policies, procedures and standards for decision making. Current decisions are made that (a) do not involve the right people or the right process for the discussion, (b) lack clear communication of the issue, and (c) potentially lead to the wrong information being provided to staff, external stakeholders and oversight entities.

5. **Recommendation:** Time needs to be spent on business area operational plans to support the department's strategic plan.

   Operational Planning involves typical cycles of 12-month budget and action accountabilities. The operational plans should be reviewed quarterly, updated and reported on. Operational plans assure that day-to-day and month-to-month activity and accomplishment represent progress in support of strategic organizational objectives. Each center and area should have plans in place and they should be reviewed, updated, monitored and shared throughout the department. There are currently plans in place in some areas of the department, but there is not a process of tying them to the strategic plan or to each other.

6. **Recommendation:** Immediate attention needs to be given to contracts and procurements.

   There were a number of problems with contracts and procurements brought forward during interviews that can develop into much bigger issues if they are not addressed timely. Of all the strengths and weaknesses mentioned during the many interviews conducted, this issue constantly came up and seemed to create unneeded frustration for the interviewees.

7. **Recommendation:** Internal Audit should be responsible for preparing and monitoring a risk assessment matrix in a collaborative exercise with the Executive Management of the department.

   The CDPH needs a Risk Assessment Matrix (RAM), the process by which organizations focus on critical areas of concern. By using the RAM process organizations (a) identify their most critical process and functions, (b) identify threats most likely to impact those processes and functions, (c) determine the vulnerability of critical functions and processes to those threats, and (d) prioritize the risks.

8. **Recommendation:** The department needs to be more accountable and open, and deliver accurate and timely information.

The CDPH needs to more clearly understand the role of external entities and meet their needs in a more timely, accurate and transparent manner. Efforts should be made to meet with these entities, provide them information early and upfront, and work to understand the issues that have led to the current situation.

An Independent Review of the California Department of Public Health

INTRODUCTION

The California Department of Public Health (CDPH) delivers a broad range of public health programs to the citizens of the State of California. In performing their mission, they interact with many different entities and have a number of different oversight stakeholders. They are subject to ongoing audits from both state and federal entities. Some of the audits are routine, while some are required by law. Other audits are the result of a concern about a specific issue or program within the department.

This review is different than most audits done on the department. This review was requested by the California Health and Human Services Agency to assess the current organizational structure and management practices in the department. The review does not address any fiscal issues specifically, but may have some mention to fiscal issues within other issues.

This review was completed over a three-month period. Due to the limited timeframe and the complexity of the department with the large number of programs it administers, the review did not include an in-depth analysis of any one issue, but rather a snapshot of the issue including information on the current status, areas that are positive, areas that need improvement, and recommendations to assist in their improvement. The information provided in this report should assist the department in addressing issues brought forward in prior audits[1], prevent these concerns in the future and help the department gain status and credibility with its peers, employees, stakeholders and oversight entities. None of the recommendations result in a slam dunk solution, but are a start to a long-term process of making CDPH a better place to work and an even more valuable resource to the State of California.

The review found a staff of extremely passionate individuals who strongly support the mission of the department. Due to the staff's knowledge,

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[1] *California State Auditor, Bureau of State Audits, Recommendations for Legislative Consideration from Audits Issued During 2009 and 2010, Department of Public Health*
Little Hoover Commission, First Year Checkup: Strategies for a Stronger Public Health Department, January 2009

background and expertise, the department has the needed staff knowledgeable in the issues of public health.

Managerial and administrative issues that have cast a negative light on the department resulted in this review. The intent of this report is to provide input to the client to assist in strengthening the department and, hopefully, prevent the negative issues from recurring.

BACKGROUND

The California Department of Public Health (CDPH) was established on July 1, 2007 through the enactment of SB 162 (Ortiz, Chapter 241, Statutes of 2006) which created the new department and vested it with the responsibility for public health programs for the State of California. This legislation recognized the need for independent status for the statewide Public Health Officer. The department is the lead entity in California for core public health functions and essential services to provide detection, treatment, prevention and surveillance of public health and environmental issues. Public health was administered as a separate department at different times in California history, but had been a part of the Department of Health Services prior to enactment of SB 162. The Public Health Act of 2006 also created an independent public health advisory committee which will sunset June 2011.

The department is responsible for all public health issues for the State of California. This responsibility is huge. CDPH employs approximately 3,500 employees in over 60 locations throughout the state with the largest organizations located at headquarters in Sacramento and at the public health lab in Richmond. The department administers a budget of over $3 billion, through over 200 programs and nearly 60 fund sources. The department is nationally and internationally known for their work in the area of public health.

It was clearly stated by almost everyone interviewed that the split of the two departments was not handled as effectively as possible. The new department was hampered by what it could do because the bill required the split from the Department of Health Services to be cost neutral. In addition, administrative functions were basically split 50/50 even though the amount of programs administered by the new department were many more with many different classifications and larger volumes of contracts and procurements. The department is still trying to work through this difficult situation. This information was provided by many interviewed, but it was not specifically verified.

Different opinions were expressed by those interviewed about the current status of the department. Growing pains seem to still hamper the department, but it has made some real efforts to address weaknesses that existed before CDPH

became a separate entity and since the new department was established. Many interviewees cited both positive and negative issues in becoming a separate department, but overall thought it was definitely the right thing to do. When public health was part of the Department of Health Services, the Medi-Cal program was the major focus mainly because of its size. Some felt this was negative to the public health programs at times, but helpful when issues like budget cuts occurred because Medi-Cal was able to help take the brunt and make up for any shortfalls.

The Director of the new department focused on moving the department to a performance-based organization. A performance-based organization uses performance measures and data to focus the organization's efforts so that the staff is working towards achieving the same outcomes. Performance-based organizations clearly establish expectations in measurable terms, collect data, measure the data and use the data in making decisions. A great amount of impressive work has been done on the development of a strategic plan that covered the years 2008 through 2010. An update of the plan is currently being completed. The purpose of the strategic plan is to achieve measurable improvement in department public health issues as well as the internal support areas. In addition to the strategic plan, a major amount of work has been done on the development of performance reporting tools including report cards, dashboards and different plans. These are all necessary to know how an organization is doing in meeting its goals and objectives.

It has been a busy first four years as a new department under difficult circumstances and challenges. There have been the typical growing pains and also the realization of the visibility of being a separate department. Many challenges remain, but the information provided in this report is intended to help the department address these challenges. Other challenges are beyond the department's ability to address alone.

Issues and Recommendations

EXERCISE STRONG LEADERSHIP
Recommendation: Strong leadership needs to be exercised in a collaborative manner

The lack of strong leadership at the CDPH has resulted in untimely, inconsistent and incorrect decisions being made. Among other issues, this lack of leadership has led to a weak single departmental culture as discussed below. Staff is unable to identify or is confused about the makeup of the executive management team. The inability to communicate issues to the right people, at

the right time often leads to ineffective decisions being made. A strong collaborative management team put in place at CDPH would inspire more effective decision making and create more trust in its leadership abilities.

The senior executive management of the department has many great skills, but doesn't exercise strong leadership over the staff. The team is not as directive as could be and allows decisions to be made in a vacuum, without appropriate participation. An example given by an interviewee was the recent decision to redirect staff to work on the contract backlog problem. The interviewee acknowledged there was a problem and something needed to be done, but the manner that it was done resulted in negative reactions by all concerned. Rather than have the Center Directors, Director and the Chief Deputies address the issue as a team, the decision was made at the Chief Deputy level. The Center Directors were told who needed to be moved and that Labor Relations would inform the staff of the move. If the decision to redirect staff had been made by the team of managers mentioned above and explained to the staff by their managers, Labor Relations' involvement could probably have been avoided.

The current Executive Management team make-up is confusing and needs to be restructured to have the right people "at the table" when discussing the department's issue and policies. The makeup of this team and its structure is discussed below under Internal Governance.

CREATE A SINGLE CORPORATE CULTURE IDENTITY

Recommendation: In order to develop a healthy corporate culture, the department must work together as one entity, "walking the talk" and being transparent to those internally and externally

People in every workplace talk about organizational culture, or the corporate culture of an organization. An organization's corporate culture could be defined as the values, beliefs, underlying assumptions, attitudes, and behaviors shared by its staff.

To achieve success, an organization must have strong leadership and a positive work environment that results in a culture where employees look forward to coming to work each day. The leadership that influences the corporate culture of an organization the most is the executives and managerial staff that are involved in the decision making and strategic direction of the organization. The department has made progress in bringing the managerial team together in trying to set a strategic direction and a lot of positive work has gone into this effort. In order to capitalize on strategic efforts, the organization must have a

strong leadership structure and framework. A strong leadership structure and framework benefits the organization by:

- Guiding individuals and groups within the organization to manage operations.
- Being accountable.
- Developing trust and respect within the organization between its members
- Allowing for risk and individual to feel free to provide input without retribution, both within and without the department.
- Supporting individuals in their efforts.
- Defining the basis for interaction between functions, roles, division, and people within the organization.
- Helping ensure that resources are targeted to deliver maximum business value through communication and education about the use of resources.
- Valuing the expertise of the resources and using them appropriately.
- Maintaining a reputation with external stakeholders that allows for strong working relations and the respect that the department desires.

As one interviewee stated, the culture of most state departments is currently beaten down due to furloughs, pay cuts, budget cuts, no pay increases and the focus to continue to deliver good government services. This statement was repeated a number of times by others interviewed. These factors are all important to mention when discussing the corporate culture of CDPH. Coupled with these factors, the department does not maintain a strong, consistent corporate culture at the department level. A number of those interviewed stated that they did not see that much difference between the department now and how it was before the split with Health Services in 2007. When speaking of corporate culture, they do not believe a separate identity has truly taken hold. As one interviewee stated, most employees of the department want to come to work and get things done, they have extreme passion for their jobs, they want to cooperate, but they don't know how to do it or where to focus because they do not see a department corporate culture to guide them.

The department is organized in centers that have resulted in silo organizations. Due to the silo organizations, there are subcultures that have their own cultures and do not seem to work together at all times. Rather than the situation where the synergies of the subcultures have resulted in a better organization, the silo organizations result in independent subcultures that are not as effective as they could be. For example, if the department maintained a strong corporate culture at the department level, these subcultures would be beneficial, but instead it doesn't seem to be that way in many situations. There seems to be a lack of trust in the openness of the organization; some feel that they aren't involved enough in the decision making or their input and opinions do not seem to count; some also stated they don't feel respected and do not receive the support they

need and deserve on all issues including those that become controversial. Not all those interviewed felt this way, but more did than did not. There were a few individuals interviewed that felt that the culture was fine and felt that real efforts have been made to be one department working together toward a common goal.

Most of the individuals interviewed discussed the extreme passion of the department's employees along with their education background, credentials and their unique knowledge of public health. During this review, it was obvious that the staff is committed to their mission and what they do, but the lack of a strong corporate culture hurts the organization's ability to effectively and efficiently communicate decisions. The majority of interviewees spoke of an organization where there is a lack of trust, lack of accountability, nonprofessional interactions and lack of teamwork.

The work that has been done to move towards a performance-based organization has not been as valuable as it could be nor appreciated as much as it should. Some interviewed have bought into the strategic plan, see its value and are excited about it; others feel that it is shelf ware and means nothing because it was just another "exercise" to try and not address the "real" issues of the department. The department is trying to make a difference in the usage of report cards and performance measures, but a number of those interviewed do not trust the input or the input methodology for the reports. They feel that the reports are not at all useful because they do not truly display the reality. These documents were reviewed and are definitely an important part of an organization. The department is doing the right thing by instituting them, but until communication and trust become stronger, their value is minimal. The accuracy of the input to these documents was not analyzed so it is not possible to assess if these documents are accurate.

The department is risk averse and does not attempt to think outside the box to address issues because of negative situations that have occurred in the past. They have become too concerned about who makes decisions, who deals with the internal issues and, who and how they work with the external issues. This was the viewpoint validated by many of the interviewees. As one individual stated because of prior interactions on issues with the oversight agencies, the department would rather keep information private or close to the sleeve to protect them. This results in staff not being open, being afraid to express their ideas openly or not thinking "outside the box". Many times this resulted in a negative outcome.

The values of openness and transparency are important. Both the department and their oversight agencies must recognize that issues do occur no matter what, but if the issue is identified early, everything about it (to the extent feasible) is transparent and all work together early, the negative impact could be

minimized. In addition, not allowing health experts to interact outside the department with the oversight agencies on their areas of expertise is both detrimental to the department and more importantly, to the citizens of California.

In addition, the Strategic Plan Core Values are an example of a department with a good corporate culture if they are continually practiced. A positive corporate culture cannot exist without integrity, open and ongoing communication, valuing employees and capitalizing on their skills, focusing on a shared goal and just doing what's right. Practicing the core values of collaboration, competence, equity, integrity, respect, responsibility, trust, and vision on an ongoing basis by all staff in the department will allow the department to move forward to an identity that is focused at the department level and will allow the department to earn its deserved respect with its external partners and overseers. Sustaining that involvement and participation will contribute to a sense of responsibility and ownership by all.

When implemented, these recommendations should go a long way to improve the department's corporate culture. While some of these recommendations can be easily implemented, others cannot. Nothing will change unless the department gets the support needed by their partners and oversight agencies. All the recommendations will take time to address, but they need to be considered and prioritized to improve both the corporate culture and outputs of a department that holds such an important role for the State of California.

CONDUCT EVALUATION OF ORGANIZATIONAL STRUCTURE
Recommendation: A thorough and independent evaluation of the organizational structure needs to be conducted by a public health management expert

An organization structure is important in making strategic and operational decisions as well as allowing an organizational structure to be effective and efficient. The organizational structure of CDPH needs to be thoroughly evaluated for its effectiveness and efficiency. The evaluation needs to be done outside the scope of this review due to the depth and breadth of knowledge needed of the reviewer(s) and the length of time that a thorough evaluation will take.

When this review was started the issue of centralization versus decentralization was considered as a recommendation due to the problems identified in the administrative functions of the department, including duplication of services throughout the department. It was originally thought if the administrative functions were centralized, redirection of resources to the administrative functions in the Administrative Bureau could save resources and improve the

accuracy and timeliness of the workloads. Organizations centralize (or integrate) people, process and structure to create effectiveness and maximize the ability to do the rights things.

The down side of centralization is inefficiency. Generalists are not experts and they make mistakes. Guidelines often result in people reinventing the wheel instead of applying what they have learned. Due to the number and complexity of programs at the department it would not be possible for the administrative work to be done in only one area. Experts should be at both the program level and the department level.

But neither should the department be a totally decentralized organization. Organizations decentralize people, process and structure to create efficiency and maximize their ability to do things right the first time. Specialized roles create experts. Decentralization has the tendency to create situations where people lose focus of the large picture and are experts on their tasks and not always willing to share with others. This creates situations where the experts in the programs are always looking to find things that the departmental level administrative staff have done wrong by constantly auditing them, rather than working together to get something right the first time.

Many interviewees felt that total centralization or decentralization would not work. There is currently not enough trust and respect between program and administration to allow this to work. The real need is to create balance that will support decisions, allow for collaboration and to align competency and overall responsibility. The individual who will do the review of the organizational structure must consider centralization, decentralization or some of both. At some point some centralization should be considered because it could result in cost savings and better oversight. Responsibility for the facility in Richmond is one example of centralization that could be accomplished quickly and result in more effectiveness and efficiency. Currently, the Director of the lab in Richmond has no supervisory responsibility of the staff that is responsible for the lab facility. These individuals report to a manager in Sacramento. This could result in duplication of functions and slow response times. Specific areas that should be reviewed either by an outside expert or a team of staff for the opportunity of partial centralization include:
- Facility issues
- Budget issues
- Contract issues
- Responsibility of Richmond facility

CREATE AN INTERNAL GOVERNANCE STRUCTURE

Recommendation: The department needs to develop a formal governance structure to help improve its governing activities

The department does not have a strong internal governance structure. Currently, there is no structure in place for making important decisions. The Director has a weekly staff meeting with a large group of managers and conducts many one-on-one meetings with managers. These meetings are not the forums to facilitate discussion and review of in depth issues. A number of interviewees agreed that the staff meetings add some value by providing information, but they are too structured, too large and too time boxed for thorough presentations or in depth discussions. The governance structure needs to be a clear and consistent approach to support the current and future business needs of CDPH. This structure is required to adopt and enforce consistent policies and standards for decision making. Current decisions are made that don't involve the right people in the discussion that create suspicion in how the decision was made, and that lack clear communication of the issue and how and why the decision was made. This lack of communication could be very detrimental, especially in dealing with external stakeholders and oversight agencies.

There is a movement in the department to bring groups together to discuss common issues below the Executive level. This is a valuable concept if used correctly, and there is commitment and buy-in by all for these groups. The current acquisition redesign team (ART) is a good example of an attempt to improve performance in the area of procurement. If the department had a formal governance structure, teams or groups like the ART group would report to it and would have a member of the department governance structure as its executive sponsor ensuring that all members attend meetings, participate in discussions and have the resources needed. This process would facilitate communication of decisions up, down and across organization lines.

To provide leadership, planning, vision, and enterprise-level decision making for its operations, CDPH must put in place a governance structure that will ensure the success of its programs and activities. This structure should provide an environment that will encourage employees at all levels to consider the effects of their decisions across the entire enterprise. The CDPH governing team should commit to demonstrating a style of leadership that results in a culture where its employees look forward to coming to work each day.

Benefits to be achieved with a sound governance structure and framework include:
- Guidance on how individuals and groups within CDPH collaborate to manage departmental operations.

- Helps in defining the basis for interaction between functions, roles, division, and people within CDPH.
- Helps ensure that resources are targeted to deliver maximum business value through communication and education about the use of resources.

A recommended framework for the governance structure follows.

Membership and the Decision Process

Membership of the governing council should be limited to those individuals at the top levels of CDPH, or those responsible for setting departmental direction and policy that have a full understanding of the issues and impacts of the decisions made. Suggested membership would include the Director, the Chief Deputies, the Chief Counsel, the Center Directors and the Director of the Laboratory. An additional member of the council needs to be a facilitator who is trained in facilitation, is respected, who is allowed to perform the responsibilities of a facilitator without concern, and who can be independent.

Decision making by a governance structure can be reached by consensus or a final decision by the Director when consensus cannot be reached. All members of the council should make decisions with the whole department in mind. Silo hats are removed at the table, everyone should provide input, all should be able to live with the decision after a complete airing of differing viewpoints are allowed. Once decisions are made by the governing team, they are documented and shared with impacted organizational entities and staff.

Operating Principles

The governing council's Operating Principles should provide a tool to aid in making effective decisions that best serve the citizens of California. These principles should expand on the department's values in the way it runs its internal operations. Examples of those Operating Principles include:
- Accountability
- Communication
- Enterprise Thinking
- Individuality
- Innovation
- Integrity
- Leadership
- Teamwork

Operating Guidelines

In getting commitment buy-in from its membership, the governing council requires operating guidelines that will provide structure to its meetings. These guidelines should include, but not be limited to:
- Occurrence of meetings

- Naming a chairperson who ensures staff is assigned to support the governing team
- When and how agendas and meeting materials are distributed, and who is responsible for doing so
- Distribution of meeting minutes and action item follow-up
- Who places items on the agenda, who is responsible for final agenda
- Ensure meeting minutes that do not include confidential items are posted timely on the intranet after agreed to by the governance group for publication

It will benefit the department to develop a governance structure that establishes roles, responsibilities, sets policies and procedures and helps determine how innovative, creative, responsive or bureaucratic the department can be. This structure defines how things get done in the organization and establishes the boundary of acceptable behaviors. It determines how well people work, and how well they work together. It is the engine that drives performance.

PLACE MORE EMPHASIS ON OPERATIONAL PLANNING
Recommendation: Time needs to be spent on developing operational plans to support the strategic plan

As mentioned earlier a lot of time has been committed to the development of a strategic plan. The department has done a good job of developing a valuable plan. Because there seems to be some lack of buy-in to the planning process, more education about the plan needs to be provided. If the programs and other operational areas were responsible for the development of operational plans, more would understand the importance of the strategic and operational planning processes. Some areas have begun operational planning, but it is not done department wide, is not an extension of the strategic plan, and progress is not reported at the department level.

Strategic planning is what the department has done to date. Strategic thinking involves creating a long range vision for the organization over a 2-4 year scope. The department has done this and is currently working on an update to the original strategic plan. Interviewees have shared their struggle with understanding the strategic plan, its purpose, the process for its development and its relevance to what they do on a daily basis. What many interviewees do not understand is that strategic planning is a process not a one-time event, and is an ongoing journey not a destination.

Operational planning involves typical cycles of 12-month budget and action accountabilities. The operational plans should be reviewed quarterly, updated and reported on. Operational plans assure that day-to-day and month-to-month activity and accomplishment represent progress in support of strategic

organizational objectives. Operational planning follows fiscal year cycles. It is very helpful in managing an organization to have an operational plan. Each center and area should have plans in place and they should be reviewed, updated, monitored and shared throughout the department.

REENGINEER CONTRACT AND PROCUREMENT PROCESSES AND PROCEDURES

Recommendation: Immediate attention needs to be given to contracts and procurements

Consistently, the biggest area of concern expressed by almost everyone interviewed was the contract and procurement workloads. Backlogs in the areas are an issue and need to be addressed in some manner. More resources have been placed on the workloads, and the department developed and implemented a comprehensive, department-wide contract tracking system (CAPS) to replace the outdated inventory database. Since neither of these fixes has addressed the total problem, more needs to be done to address the backlogs.

Many examples of the problems in these areas were provided by interviewees.

- One example involves a number of contracts that have not been executed resulting in the inability to pay contractors that have been working for some time.
- A second example includes procurements that have sat for days or have not been executed in a timely manner when a priority situation occurred. The interviewee in this situation mentioned that they didn't believe there was any process of prioritizing procurements other than when they are received. This interviewee also mentioned the need for a triage for procurements.

These and many other problems with contracts and procurements brought forward during interviews can develop into much bigger issues if they are not addressed timely. Staff will leave, tasks will not be completed timely, and trained contract employees will be lost. Of all the strengths and weaknesses mentioned during the many interviews conducted, this issue constantly came up and seemed to create unneeded frustration for the interviewees.

DEVELOP A RISK ASSESSMENT

Recommendation: Internal Audit should be responsible for preparing and monitoring a risk assessment matrix in a

collaborative exercise with the Executive Management of the department

The department culture, management style and external oversight have made risk aversion worse, resulting in a lack of transparency by the department. Some decisions made and issues that arise in a negative context could be addressed earlier, with a better outcome, if time was spent preparing a risk assessment and monitoring the assessment on an ongoing basis to keep the information current. The issue is not to be afraid of risks or try to hide them, but rather know what they are and be ready to address them if they occur or if they are brought to the department's attention by another entity.

The department needs a Risk Assessment Matrix (RAM), the process by which organizations focus on critical areas of concern. By using the RAM process organizations identify their most critical processes and functions; identify threats most likely to impact those processes and functions, determine the vulnerability of critical functions and processes to those threats, and prioritize the risk. This should be done at least twice a year and more likely quarterly. In addition, when a new risk arises, it should be immediately examined and placed on the RAM.

If the department had conducted a formal risk management process in place in the past, it is possible that recent situations could have been avoided or addressed in a timelier and less controversial manner. One specific example is the Every Woman Counts program. The Every Woman Counts program provides health screening to women who would not have the opportunity to receive these important services. Most the funding of the program is through the tobacco tax. As this is a declining revenue source, and caseload has been increasing, this program has a structural imbalance. Unfortunately, the issue rose to the point where the department was called to task by oversight agencies and the Legislature and as a result lost credibility.

The Bureau of State Audits (BSA) is required to prepare a risk assessment and other state departments have also begun using the RAM process to address issues and concerns that they are aware of, or as one other state executive referred to as, "issues that keep you awake at night".

DEVELOP CREDIBILITY
Recommendation: The department needs to be more accountable and open, and deliver accurate and timely information

The department currently lacks credibility and respect from oversight entities. This issue has resulted in a number of negative interactions that have occurred

over time. This is not an issue that can be addressed overnight, but with an increase in formal and informal positive interactions, the department would eventually be viewed in a different light. The department needs to more clearly understand the role of their oversight entities and meet their needs in a more timely, accurate and transparent manner.

Interviewees expressed concern for (a) the lack of responsiveness on information requests; (b) the inaccuracy of the information received, and (c) not understanding the role of the oversight entities. Specific examples of comments are:

- They receive incomplete and inaccurate information which results in the oversight agency doing the work themselves rather than ping-ponging it back and forth.
- Staff is not prepared for pre-hearings and hearings and don't speak with one voice when attending.
- The department is too large to be successful and some of their functions would fit better in a department focused on environmental health, like CalEPA.
- The department is not effective at administrative functions.
- The department doesn't realize that everyone doesn't understand their complex program as well as they do, and they need to learn to explain issues in a simplified manner.
- There is a lack of strong leadership, and information provided lacks credibility.
- Department staff needs to communicate internally and be on the same page before communicating externally.
- The department needs to ask for help sooner; by the time they do ask, it's usually too late.
- The department is afraid to bring up issues with oversight agencies; the longer they wait the less options there are to address the issue.
- The Agency needs to be part of the solution as an advocate, not a policing entity.

The examples above represent the sentiment of the oversight entities which were more negative than positive. It is important to note that more than one interviewee did state that the department is slowly getting better with the quality and timeliness of information. Unfortunately, with the department in its current situation, it will take time and a number of positive interactions to make a turnaround. One interviewee suggested that they need to start mending fences by scheduling meetings with the oversight entities, educating them, and being upfront and proactive. In order to build the credibility needed from the oversight

entities and be successful, the department needs to be more accountable, more open and deliver quality, timely information. This can be done by developing strong leadership, as well as implementing a governance process and a risk management process that allows for quality products and programs and the ability for all to understand the department's responsibilities and issues.

CONCLUSION

The decision to make some or all of the recommendations proposed is ultimately a policy decision of the department and their agency. The department can be more effective and efficient than they currently are by adopting some or all of the recommendations included in this report. It is important that all of the areas addressed above are reviewed and implemented in some manner. Strong leadership is needed to implement these suggestions and to allow for the needed changes to move forward and improve by internally and with the department's external entities.

This evaluation was done with the support of the department, external stakeholders and oversight agencies. Everyone was extremely helpful and cooperative and seemed to be interested and excited about making improvements that will benefit the public health program for the State of California.

Author's Biography

Lynette Iwafuchi is a Certified Public Accountant (CPA) with over 34 years of experience working for the California Franchise Tax Board (FTB). She retired in July 2009 while serving as the department's Chief Deputy Director. While at FTB, she held a number of supervisory and managerial positions in different areas of the department. In addition, for seven years she served as the Executive Sponsor for the California Child Support Automation System (CCSAS) project. Since retirement she has been busy as a consultant preparing taxes, doing non-profit organization audits and providing technical and managerial support to private firms for state projects.